

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 AF-06 ARA-06 NEA-09 OIC-02 /131 W

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R 101528Z APR 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 1974

INFO AMEMBASSY BONN

USEC BRUSSELS 4471

AMEMBASSY HONG KONG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

MEMBASSY SEOUL 250

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: GATT

SUBJ: TEXTILE SURVEILLANCE BODY - EC REPORTS STATUS

COMPLIANCE WITH MFA ARTICLE 2, PARAGRAPHS 2(I) AND (II)

1. TSB CHAIRMAN WURTH CIRCULATED APRIL 7 TO TSB MEMBERS TEXT OF LETTER DATED MARCH 27. FROM EC REPORTING STATUS EC COMPLIANCE WITH PROVISIONS PARA 2(I) AND (II) MFA ARTICLE 2. REPORT (AND IMPLICATIONS FOR FURTHER COMPLIANCE) CAN ONLY BE DESCRIBED AS DEPRESSING AND CAN BE EXPECTED PRODUCE STATE OF RIGHTEOUS INDIGNATION AMONG DEVELOPING EXPORTING COUNTRIES AS WELL AS AMONG THOSE IMPORTING COUNTRIES WHICH ARE TRYING MEET OR
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HAVE MET MFA OBLIGATIONS. EC CERTAIN TO RECEIVE

STRONG CRITICISM IN BOTH TSB AND TC MEETINGS SCHEDULED FOR APRIL.

2. LETTER ESSENTIALLY PROPOSES A TWO-PART PROGRAM TO MEET REQUIREMENTS ARTICLE 2. FIRST PART CONSISTS OF STATEMENT OF "INTENT TO NEGOTIATE" BILATERAL AGREEMENTS WITH 17 EXPORTING COUNTRIES WHICH ARE: INDIA, PAKISTAN, HONG KONG, KOREA, SINGAPORE, YUGOSLAVIA, COLOMBIA, MEXICO, BRAZIL, PORTUGAL (FOR MACAO), MALAYSIA, JAPAN, POLAND, ROMANIA, HUNGARY, EGYPT, AND THAILAND. NO RESTRICTION PRESENTLY MAINTAINED ON IMPORTS FROM THESE COUNTRIES WILL BE REMOVED OR ALTERED UNTIL COMPLETION OR NEGOTIATIONS WITH COUNTRY CONCERNED. IMPLICATIONS THIS POSITION ARE CLEAR WHEN IT IS NOTED THAT AS OF THIS DATE EC HAS NOT YET NEGOTIATED FIRST AGREEMENT AND, FOR THAT MATTER, HAS ONLY STARTED FORMAL NEGOTIATIONS WITH INDIA, PAKISTAN AND HONG KONG.

3. SECOND PART OF PROGRAM CONSISTS OF SCHEDULE FOR PROGRESSIVE THREE-YEAR ELIMINATION OF RESTRAINTS PRESENTLY IMPOSED ON TEXTILE IMPORTS FROM ALL OTHER EXPORTING COUNTRIES. SUPERFICIAL EXAMINATION THIS LIST APPEARS INDICATE THAT ELIMINATION OF RESTRAINTS ON LARGER PORTION THIS TRADE WILL BE DEFERRED TO LAST YEAR OF PROGRAM (APRIL 1, 1976 - APRIL 1, 1977). PRINCIPLE SUFFERERS HERE WILL BE EASTERN EUROPEANS.

4. ALSO, IN CONNECTION WITH STATEMENT OF INTENT TO NEGOTIATE BILATERALS, EC APPEARS TO BE IGNORING DUAL REQUIREMENTS FOR "CONSULTATIONS BY THE PARTICIPATING COUNTRIES CONCERNED" AND "CONCURRENCE OF THE TSB" SET FORTH IN ARTICLE 2, PARA 2 (II). UNDERSTANDING IN GENEVA IS THAT EC, IN LATE MARCH UNILATERALLY INFORMED COUNTRIES CONCERNED OF ITS INTENT TO NEGOTIATE AND APPEARS TAKE POSITION THIS ACTION CONSTITUTES BOTH "CONSULTATION" AND "OPENING OF NEGOTIATIONS", E.G., IN EC VIEW, ALL AGREEMENTS WITH 17 COUNTRIES ARE NOW "IN COURSE NEGOTIATION".

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5. JAPANESE MISSION (UNDER INSTRUCTION) APPROACHED SECRETARIAT (PATTERSON) LAST WEEK ASKING EC ARTICLE 2 ISSUE BE PLACED ON AGENDA TC MEETING. SECRETARIAT SOUGHT DISCOURAGE THIS SINCE MATTER SHOULD BE REFERRED TC BY TSB BUT, OF COURSE, TOLD JAPANESE THEY FREE RAISE IT UNDER "OTHER BUSINESS". JAPANESE MISSION NOW SEEKING INSTRUCTIONS TOKYO.

6. PATTERSON SUBSEQUENTLY TOLD US REP THAT, AT TIME DG LONG TRYING SET UP TC MEETING, EC OBJECTED HAVING MEETING THIS TIME BUT AGREED AFTER SECRETARIAT OFFICIAL (SALIB) TOLD EC REP SECRETARIAT WOULD NOT PUT ART 2 ISSUE ON DRAFT AGENDA. SECRETARIAT, OF COURSE, DID TELL EC THAT TC COULD PUT ISSUE ON AGENDA EITHER AS SEPARATE ITEM OR UNDER "OTHER BUSINESS".

7. ISSUE IS CERTAIN ARISE IN APRIL 17 TSB MEETING SINCE US REP HAS BEEN TOLD BY HONG KONG AND JAPANESE REPS THAT THEY WILL OPEN DISCUSSION.

8. UNLESS INSTRUCTED TO CONTRARY US REP INTENDS JOIN CRITICISM EC PROGRAM IN TSB SESSION. WHILE IT DOUBTFUL THAT EC'S "COMMON DENOMINATOR" APPROACH CAN BE ACCELERATED BY TSB-TC CRITICISM, IN US REPS VIEW, IT IS ESSENTIAL THAT CONTINUOUS PRESSURE BE MAINTAINED. TO THIS END, IN REPORTING STATUS US ACTIONS UNDER ART 2, US REP WILL OVERTLY SEEK TSB "CONCURRENCE" IN EXTENSION TIME FOR COMPLETING ART 2 REQUIREMENTS". THIS ACTION WILL NOT ONLY BE APPLAUDED IN TSB BUT WILL PROVIDE EC CRITICS WITH MORE AMMUNITION. INFORMAL SOUNDING TSB COLLEAGUES BY US REP CONFIRMS THIS VIEW.

9. COPY EC LETTER TO WURTH AIRMAILED TO WILLIAMS, EBFTD FOR CIRCULATION INTERESTED AGENCIES.
ABRAMS

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